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A CENTRAL BANK AS A MENACE TO LIBERTY

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The solution of the problem of a central bank, with power to control the currency of the United States, to be at all adequate, must depend upon and be controlled by ultimate political principles. The same principle that underlies the never-ending conflict between the advocates of a strong centralized government and what are called "states rights," governs this question. Taught in the school of experience and adversity, the early English and American patriots learned the salutary lesson that the development of peoples, as well as their happiness, depended more upon liberty—that is, the power to control and govern themselves, rather than to be controlled or governed by anybody else—than upon any other single thing; and they, therefore, in drafting our Constitution, always viewed government as an evil made necessary by the weakness and defects of human nature, and never extended it beyond that necessity.

Under the plan of freedom, of self-reliance, self-dependence, self-government, we have become the greatest, the happiest, the most powerful people of the world; but notwithstanding these proofs to justify the work of the Fathers, we have more and more concluded that we could have done a great deal better. We are rapidly tending in the opposite direction, which must inevitably destroy liberty by vesting all discretion in some form of central government, rather than in the people as individual, independent entities.

Starting with the theory that government but existed because of the defects of mankind, and was but an evil wherever it exceeded the necessity of restraining evil human tendencies, we have now reached the higher light wherein we produce schemes of regulating everything, until liberty is but a name, and we govern ourselves by theories entirely independent of the characteristics of the people to whom our systems are to apply. It is difficult to find any one, nowadays, who has not some "counsel of perfection," and founded

on it, some theory of government that would work perfectly with a perfect race, in whom neither self-interest nor passion existed and that, consequently, did not need any government at all.

Among the radical reformers, the Nihilists are much more logical than the Socialists because neither system would work with human nature as it is, and no system would be required with society so constituted as to make their theories practicable. But the strangest development of modern times is that, concurrently with the wildest theories against restraint, popular opinion is forcing more and more restraint upon individual freedom of choice, that is liberty, year by year; until business and everything else is being stifled by the almost incomprehensible mass of liberty-restraining laws and regulations. I suppose to-day the American people imagine they are a free people; but in the sense that they were free in the days of such lesser lights as Washington and Franklin and Jefferson and Hamilton—that is, free to work out their individual independence and salvation, unrestrained by any unnecessary laws—they are veritable slaves. Under the leadership of the wonderful statesmen of our age who, not confined to either party, have a legislative panacea for everything and are making us happy by passing statutes binding us hand and foot on one subject after another, all the while increasing public officials and public burdens to enforce them, real liberty—liberty in the sense that each man must, to the greatest possible extent, be given free discretion to work out his own salvation—is rapidly ceasing to exist.

But, it may be asked, what has all this to do with a central bank? My answer is, everything. For this country to be great, happy and prosperous, it must be really free; and freedom, just as justice, consists in distributing power and opportunity as equally as possible, and as much controlled by everybody's individual, untrammelled discretion as the nature of things will permit. I am as much opposed to undue centralization as I am to Socialism or Nihilism, and for an identical reason: They are all enemies of liberty; and it is only through liberty that mankind can reach the highest forms of development.

Now, what effect will the central bank idea have upon these principles which I have thus, I fear crudely, stated? If it will tend to an equalization of power and opportunity, if it will tend

to placing, as near as may be, equal powers and equal restraints upon everybody, it is consistent with the spirit of our institutions and the purpose of our civilization; and if not, being against them, it *must* prove injurious. There is not the slightest doubt that the placing of the power, in the hands of a single man or a small body of men, to issue at his or their uncontrolled will the currency needed for trade, would prove, at least for awhile, an effective measure. I doubt whether it would permanently prove so, because all history has shown that, in the result, the placing of too much power anywhere, in its rotting-out effect upon peoples, has decreased efficiency. There is no more doubt that the creations of dictatorial powers, for short periods, in such times, for instance, as those of Cincinnatus, were effective measures, than that they were enormously and even to the point of destruction, inefficient as a permanent system, under the Emperors. Where a single man can temporarily wield the effective powers of millions of men developed by freedom, he is nearly irresistible; but the continuance of that power, by destroying the value of the units, brings down the totality of strength, even to the point of extinction.

And so, if we had a central bank, with the power of practically fixing the price of every commodity in the United States, of aggregating to itself, or those who exercised its powers, just such proportion of the production of wealth of the Union as they saw fit; it would, in a little while, tend to a selfish use that could be neither effective nor beneficial; and, like all other forms of inordinate and unequal power, it must become destructive of any republican form of government. Procuring efficiency, not through evolution and development, but tyranny and inequality, is a means that all human experience has demonstrated to be fallacious.

In my own judgment, our currency, like our other evils, is to be remedied by greater freedom and greater distribution of choice and discretion, rather than by a greater centralization or unequal distribution of power. It is a fair question to ask, therefore, whether conceding, as I do, that there is not sufficient elasticity of the currency, I can suggest no remedy, but would prefer present evils to those resulting from the creation of too centralized a power; and the answer, to my mind, is obvious. The true remedy must be found, not in placing our dependence upon the discretion

of any one, but of every one,—that is, again, upon liberty, rather than upon power and restraint.

We have a very satisfactory system of regulating the investments of saving funds, that demonstrates that a line of investment can be easily named in advance by statute that would be a safe basis for currency, as well as for investments, as at present. In my judgment, therefore, starting with government bonds, which should always be given a great advantage in currency issues, as that strengthens the credit of the Union, a list could be made upon which any bank—and, again, the banking laws should be equally open to all—could issue its notes. A system of taxation on such issues should be so regulated as to make inordinate inflation impossible; but there should be no limit to the amount of circulation when the tax had reached a point where it must become unprofitable to the banks that take out that circulation, for then they would only take it out to save the commercial community and their customers, and for no dangerous purposes. And this currency so available should be available at the discretion of *everyone*, without the necessity of consulting any government official or any government bank. I do not want to be misunderstood. The restrictions as to security should be full and ample, the taxation large *and on an ascending scale*. The currency should be made absolutely safe—as safe as it is now—and the tax collected with such a system, if that tax were properly applied, would not only be sufficient to guard every holder of a note against loss, but would yield large revenues beyond this to the government in relief of general taxation. With such a system worked out in detail, governmental power would not be increased, the danger of depriving the people of any part of their self-developing discretions would not be incurred.

This, as I have said, is all very crudely stated by a man who has no opportunity to work out details or polish sentences; but it recommends itself to me, because my whole study of the constitutional history of our peoples has convinced me that liberty is the greatest friend of mankind, just as inordinate powers are the greatest danger. We shall go higher and better and further, following out, in all our troubles, a liberty as wide as human defects will permit, than hunting around for benevolent despots in any form, for I do not believe that even benevolent despots ever do real good, because, however well they may govern, the injury to

communities inflicted by taking from them the educational benefits of self-government is incalculable.

Both religion and science teach us that human advance is but to be gained through the slower methods of development of character—the one calling it “regeneration,” the other “evolution” or “survival of the fittest,” or what you will. Even in politics and by politicians these principles are at times heeded—even now we are daily told that the policy of the government is to educate the Filipinos to a fitness for self-government, by gradually entrusting them with widening discretions, increased liberty, as this increasing liberty fits them for more. This is true political science—the *only way*—these men are unquestionably Filipino patriots, but what we need is American patriots—men who will “make way for liberty” here as well as there; who will disregard popularity, if need be, that they may abide with duty; and not piecemeal exchange our birthright of freedom for a mass of legislation and restraint only really effective for evil. Many, many injurious steps have already been taken toward the inequality and slavery of over-government and benumbing restriction. But all of them will be but a drop in the bucket, compared with the dangers of placing in the hands of the few the entire discretion as to the volume of the people’s money.

In an ultimate analysis, our country is only languishing for liberty and equality; and I do not hesitate to predict an instant return of prosperity, at the first moment that honest men can make investments and conduct important affairs, without the necessity of having a lawyer at their elbows, who, indeed, in most cases, refuses the responsibility of advising what all the accumulating mass of restrictive legislation means. We have evils enough in this direction, without restraining the people’s right to determine when or to what extent their interests require a further supply of currency on a sound basis. If we really need all the present restrictive mass of regulative legislation, we are, like the Filipinos, already unfit for freedom; and if, as I believe, we do not, by taking away our personal right of choice, of initiative, we are being educated as rapidly as possible, to be like them, unfit for self-government.

If these hasty suggestions should chance to reach the eye of someone with a faculty for leadership, and a love of his country, and invite him to battle again for freedom, to expose the shams

under which the people are losing their freedom, under the pretense that their enemies are being punished, I can promise him the ultimate approval of his countrymen. For that, in the end and permanently, only comes to real patriots, those that unite instead of divide, those that love instead of hate; those that, putting aside "malice, envy and all uncharitableness," understand the potency of "good will to men," while never forgetting that "eternal vigilance is the price of liberty."